



## CITY OF LODI

## COUNCIL COMMUNICATION

**AGENDA TITLE:** Award Contract for Workers' Compensation Claims Administration

**MEETING DATE:** July 15, 1998

**SUBMITTED BY:** Human Resources Director

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**RECOMMENDED ACTION:** To authorize staff to award a new contract for Workers' Compensation claims administration to Innovative Care Solutions (ICS).

**BACKGROUND INFORMATION:** The City's Workers' Compensation claims have been administered by the same company (Foundation Integrated Risk Management Solutions – formerly Associated Claims Management) for the last 7 years. A Request For Proposals (RFP) was distributed in April, 1998. A total of 8 proposals were received. There were no local bids. After an initial screening of the submitted proposals, the principals of the top 5 proposals were interviewed by a board composed of the Human Resources Director, Risk Manager, Accountant, and the Risk Manager from the City of Fairfield.

The board recommended consideration of 3 firms. The board's ranking of the firms is as follows: (#1) Innovative Care Systems, Inc. (ICS), (#2) Bragg & Associates, Inc., and (#3) Willis Corroon Administrative Services Corporation (WCASC).

Consideration was then given to the following for each firm: public sector experience; professional reputation of the firm and its principals; quality of response to the RFP; level and nature of service and professionalism to be provided to City staff, injured employees and medical community; and fee structures (a matrix of the proposed fee structures is attached). It has been determined that Innovative Care Systems will provide the most effective and efficient claims administration services to address the City's needs.

It is recommended to enter into a 3-year contract with Innovative Care Systems at a cost of \$70,000 each year for years 1 and 2, and \$72,100 for year 3.

**FUNDING:** Workers' Compensation – Self-Insurance Fund

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Joanne M. Narloch".

Joanne M. Narloch, Human Resources Director

Prepared by Marlon Robbins, Risk Manager

cc: City Attorney

APPROVED: \_\_\_\_\_

A handwritten signature in black ink, appearing to read "H. Dixon Flynn".  
H. Dixon Flynn -- City Manager

### Fee Structures of Top 3 Proposals for Workers' Compensation Claims Administration

FIRM Name	<u>Fee Structure</u>		
	Year 1 (98/99)	Year 2 (99/00)	Year 3 (00/01)
ICS	\$70,000	\$70,000	CPI Increase – 3% (\$72,100)**
Bragg	\$71,100	CPI Increase (\$73,125)**	CPI Increase (\$75,210)**
WCASC	\$72,500 (Cap)	\$72,500 (Cap)	Higher of CPI or 3% (\$74,650)**
<i>F.I.R.M. Solutions, Inc. *</i>	<i>\$67,207</i>	<i>\$70,207</i>	<i>\$73,562</i>

*\* F.I.R.M. Solutions, Inc., the City's current administrator is shown for comparison reasons. The current fee for administrative services is \$62,000.*

**\*\* Fee calculated at 3% assuming approximate CPI.**

RESOLUTION NO. 98-116

A RESOLUTION OF THE LODI CITY COUNCIL  
AUTHORIZING THE CITY MANAGER TO EXECUTE A  
CONTRACT WITH INNOVATIVE CARE SOLUTIONS, INC.,  
FOR WORKERS' COMPENSATION CLAIMS  
ADMINISTRATION

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BE IT RESOLVED, that the Lodi City Council hereby authorizes the City Manager to execute a contract with Innovative Care Solutions, Inc., for Workers' Compensation Claims Administration.

Dated: July 15, 1998

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I hereby certify that Resolution No. 98-116 was passed and adopted by the Lodi City Council in a regular meeting held July 15, 1998 by the following vote:

AYES: COUNCIL MEMBERS - Johnson, Land, Mann, Pennino and Sieglock  
(Mayor)

NOES: COUNCIL MEMBERS - None

ABSENT: COUNCIL MEMBERS - None

ABSTAIN: COUNCIL MEMBERS - None

  
ALICE M. REIMCHE  
City Clerk